

# **Bhanero Textile Mills Limited**

## Corporate Briefing Session

### Minutes of the Corporate Briefing Session

The Corporate Briefing Session (“CBS”) was conducted on November 25, 2019 in Pakistan Stock Exchange Auditorium.

The session was chaired by Mr. Muhammad Salim, the director of the company. The chief executive officer of the company, Mr. Khurram Salim along with the chief financial officer and the company secretary have also attended the CBS.

The CBS was commenced by the recitation of some verses of Holy Quran thereafter a brief introduction was given about the Umer Group and the company followed by the prevailing economic scenario and financial performance of the company for the year ended June 30, 2019.

Finally, the question and answers session was carried by the shareholders, investors and analyst community presented in the session.

The presentation is enclosed for your perusal.



# BHANERO TEXTILE MILLS LIMITED

CORPORATE BRIEFING SESSION

# Table of Contents

Introduction

Economic Environment

Financial Performance

Question and Answers

Thankyou Note



# Introduction

## Umer Group of Companies

Established in 1980, the Umer Group of Companies with headquarter in Karachi, has been at the forefront of textile industry in Pakistan since many years. Through dedicated efforts, hard work and by the grace of Allah Umer Group is one of the leading groups of Pakistan. Apart form textiles, the group has successfully diversified into footwear manufacturing and retailing, dairy , real estate and sugar industry.

## Bhanero Textile Mills Limited

Since inception **Bhanero Textile Mills Ltd** is operating under the umbrella of Umer Group and with the passage of time it has built a trusted name in the corporate world for its financial soundness and impeccable credit worthiness. . Over the span of over 39 years the company has gained a significant market share and repute in both local and international market through continual efforts of the governing board and stakeholders.

## Incorporation

The company **Bhanero Textile Mills Limited** established in March 1980.

## Symbol

BHAT

## Legal Status

Public Limited Company.

## Capital

Authorized Capital - 60,000,000

Issued Paid-up Capital - 30,000,000

*(Ordinary Shares of Rs. 10 each)*

## Associated Undertakings

Faisal Spinning Mills Ltd

Blessed Textiles Ltd



## Board of Directors

Sr	Names of Directors	Designation
I	Mr. Khurram Salim	Executive Director / CEO
II	Mr. Mohammad Amin	NXD Director
III	Mr. Bilal Sharif	NXD Director
IV	Mr. Adil Shakeel	NXD Director
V	Mr. Hamza Shakeel	NXD Director
VI	Mrs. Saba Yousaf	NXD Director
VII	Mr. Mohammad Salim	Executive Director
VIII	Mr. Mohammad Shaheen	NXD Director / Chairman
IX	Mr. Iqbal Mehboob	Independent Director



### **Registered and Liaison Office**

Registered office of the company is located at Umer House, 23/1, Sector 23, K.I.A , Karachi.

Liaison office of the company is located at City Towers, Main Boulevard, Gulberg-II, Lahore.

### **Manufacturing Units**

- i) Spinning Unit I with an installed capacity of 27,840 spindles, located at Kotri, Sindh.
- ii) Spinning Unit II with an installed capacity of 52,272 spindles, located at Sheikhpura, Punjab.
- iii) Weaving Unit III with an installed capacity of 162 air-jet looms, located at Sheikhpura, Punjab.

### **Credit Rating**

The rating of A+/A 1 (Single A Plus / A One) has been assigned to the company by the rating company Messer's JCR-VIS which is considered as "Stable" outlook.

## Economic Environment

The economy is under tremendous pressure due to the stabilization measures undertaken by the government.

Growth slowed to 3.3 percent in 2019 which is a 2.2 percent decline as compared to the previous year.

In short run we don't expect any relief in the monetary policy unless the overall and core inflation which is currently at 11 percent and 8 percent respectively will be lessened down.

Another setback is that we are unable to achieve the cotton crop production of 15 million bales this year and news is coming from various sources that the production will stay under 9 million bales which is again a major blow to the economic environment of the country.



## Financial Performance

Despite of bleak economic scenario, the company managed to increase its sales and profitability during the year ended June 30 , 2019 as compared to corresponding period.

The company sales increased from PKR 8,073.845 million to PKR 9,347.773 million showing an increase of 15.78 percent during the current year ended June 30, 2019 as compared to corresponding year.

The company posted the after tax profit of PKR 832.410 million during the year ended 30 June, 2019 (2018: PKR 482.036 million).

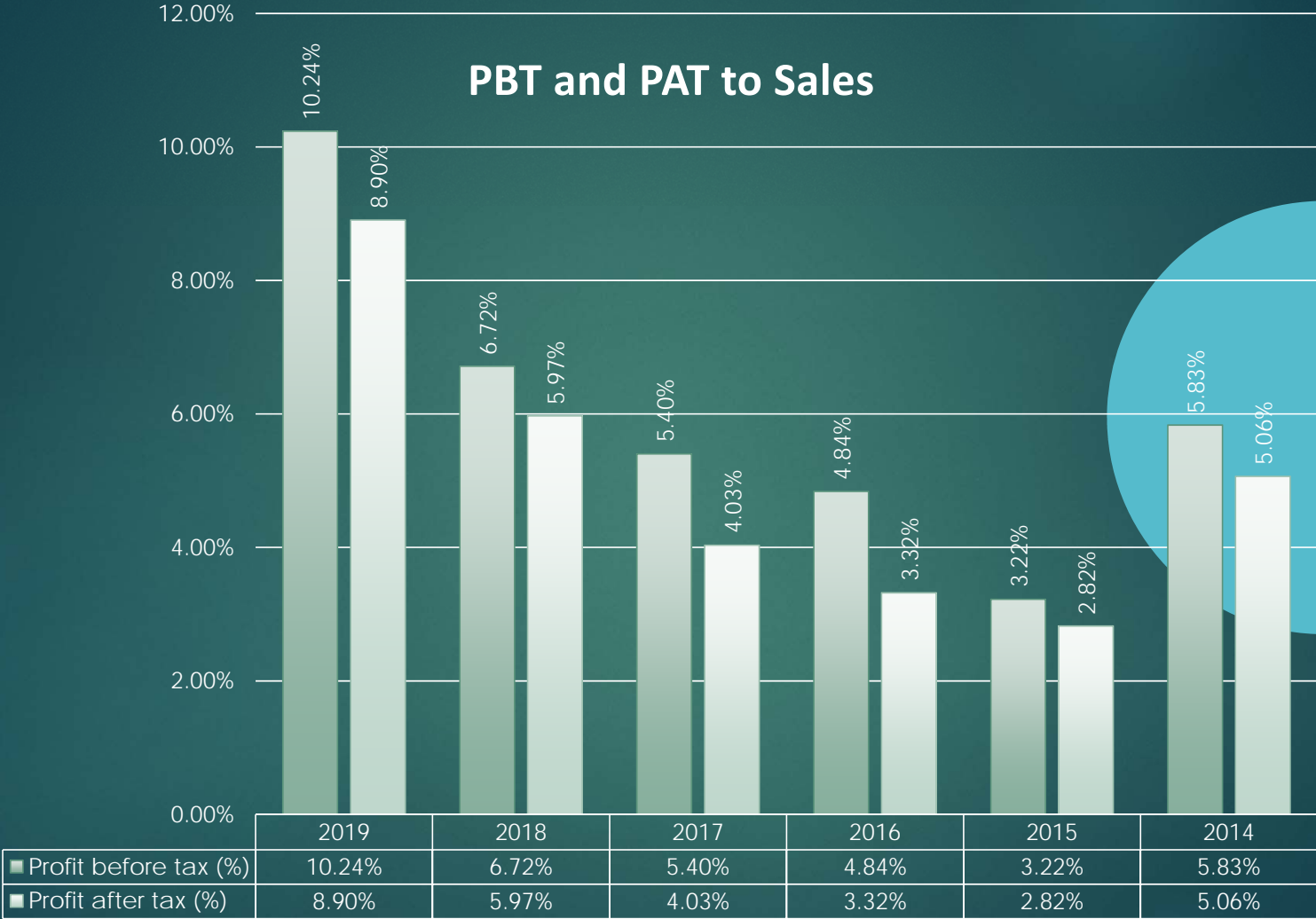
**Statement of Profit or Loss  
For The Year Ended June 30, 2019**

	June 30, 2019 Rupees	June 30, 2018 Rupees
Sales	9,347,772,864	8,073,845,411
Cost of sales	<u>8,054,100,783</u>	<u>7,205,449,439</u>
Gross profit	1,293,672,081	868,395,972
Other income	227,825,645	111,986,664
Profit before tax	956,882,666	542,159,753
Provision for taxation	124,472,840	60,123,244
Profit after taxation for the year	<u><u>832,409,826</u></u>	<u><u>482,036,509</u></u>
Earnings per share - basic and diluted	<u>277.47</u>	<u>160.68</u>

## Turnover - (Millions)

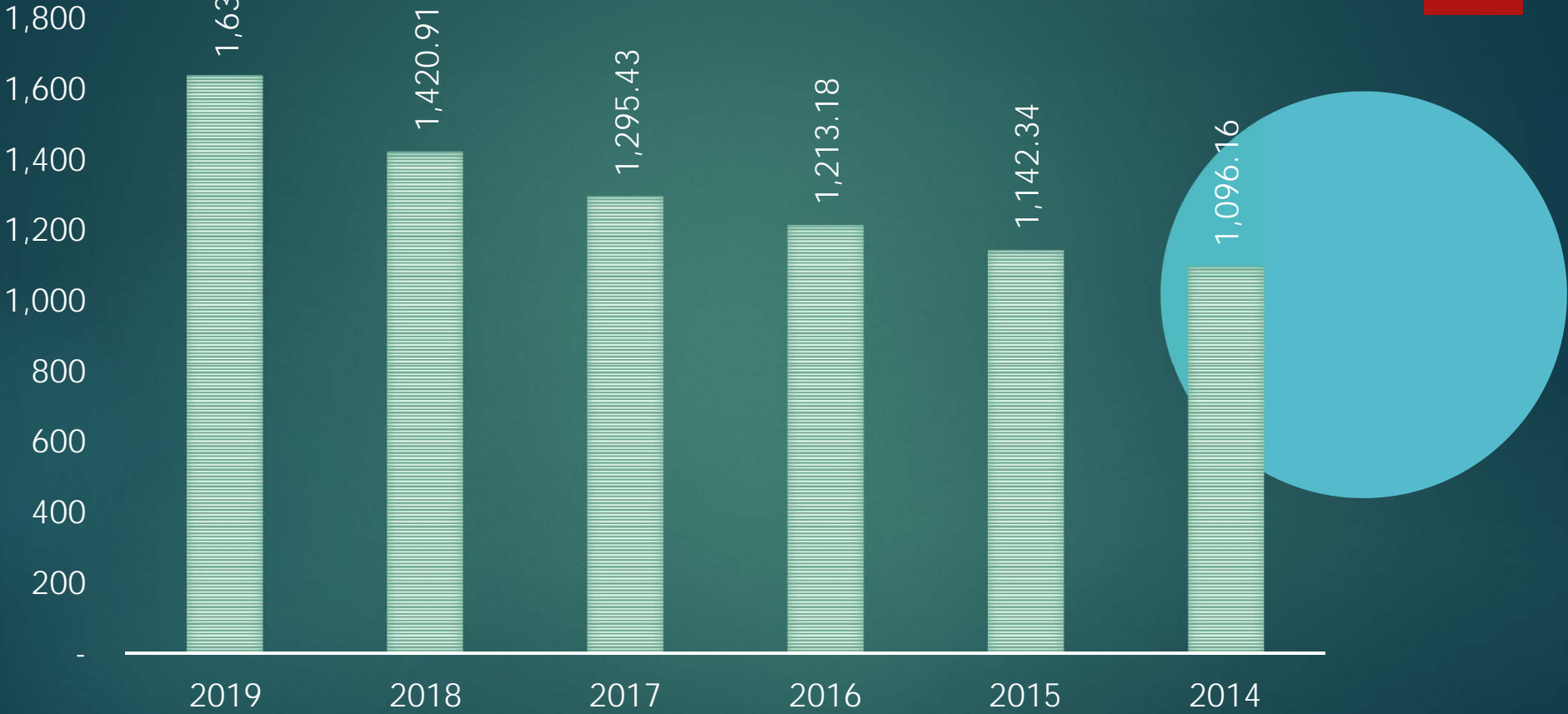


### PBT and PAT to Sales



■ Profit before tax (%) ■ Profit after tax (%)

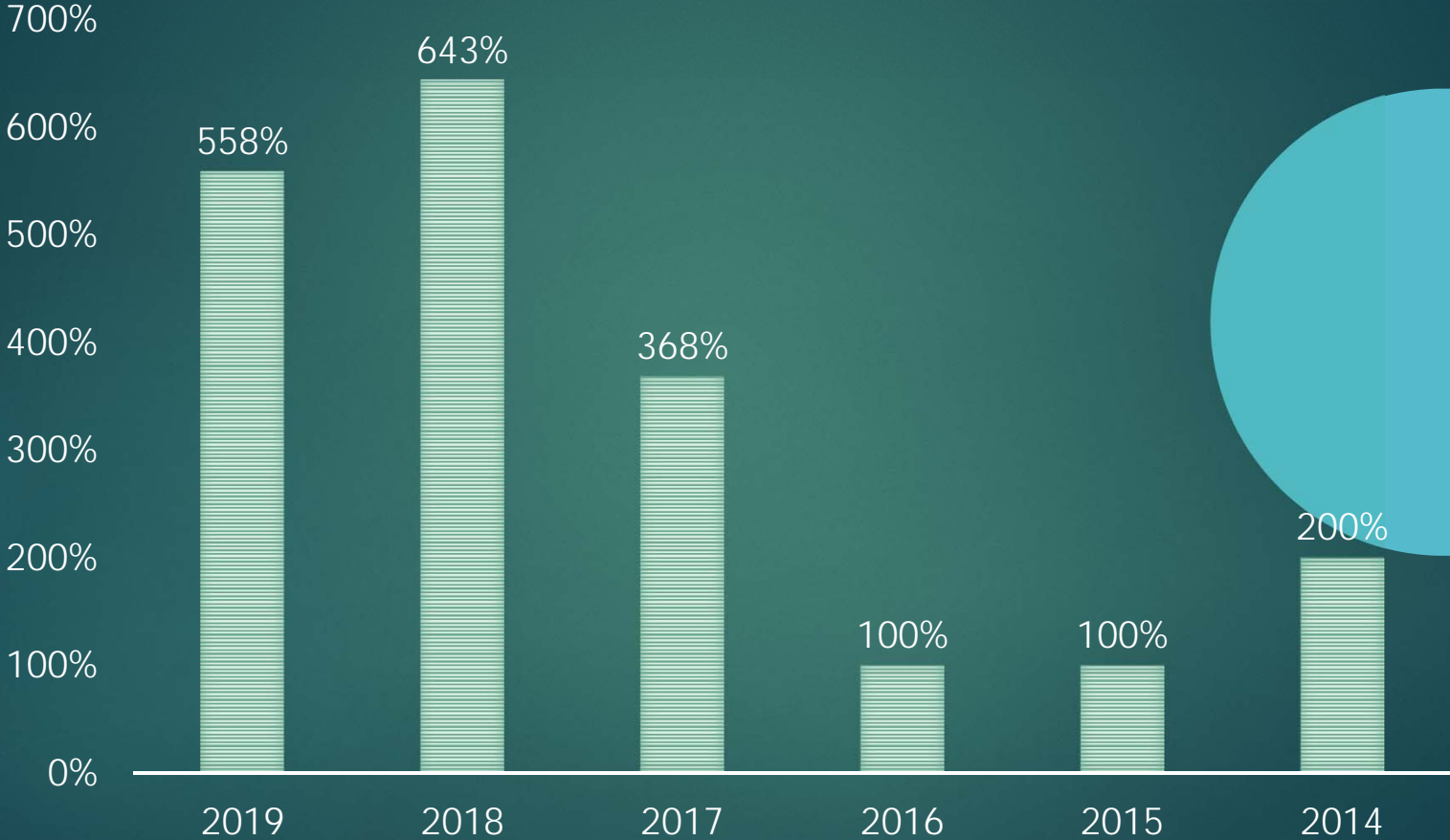
### Breakup value per share



## Earnings per share



# Cash Dividend %



## Year-Wise Operating Data

2019	2018	2017	2016	2015	2014
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## Spinning Unit

Spindle installed	80,112	80,112	69,312	69,312	69,312	69,312
Spindles worked	80,112	80,112	69,312	69,312	69,312	69,312
Installed capacity - 20/s count - Kg	14,810,385	14,810,385	13,954,119	13,954,119	13,954,119	13,954,119
Actual production - Kg	12,363,406	11,392,698	10,621,496	10,008,485	9,832,682	10,138,381

## Weaving Unit

Air jet looms installed	162	160	160	160	160	140
Air jet looms worked	162	160	160	160	160	140
Installed capacity - 50 picks - Meter	26,566,890	21,534,566	21,534,566	21,534,566	21,534,566	20,206,406
Actual production - Meter	15,864,187	15,952,617	15,100,469	15,992,288	19,272,241	18,362,454



## Year-Wise Financial Data

2019	2018	2017	2016	2015	2014
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Rupees in Thousands

**Profit and loss account**

Turnover (Net)	9,347,773	8,073,845	6,837,254	6,637,411	7,350,098	8,060,772
Gross profit	1,293,672	868,396	754,284	684,364	641,534	966,937
Operating profit	1,123,205	636,131	456,308	391,023	351,971	597,040
Financial expenses	166,323	93,971	87,063	69,828	115,128	126,836
Profit before tax	956,883	542,160	369,245	321,195	236,843	470,204
Profit after tax	832,410	482,037	275,737	220,349	207,410	408,263
Cash dividend	167,400	192,900	110,400	30,000	30,000	60,000

**Balance Sheet**

Share Capital	30,000	30,000	30,000	30,000	30,000	30,000
Reserves	4,700,000	4,000,000	3,700,000	3,300,000	3,150,000	3,150,000
Shareholder equity	4,913,117	4,262,737	3,886,302	3,639,552	3,427,026	3,288,488
Long term liabilities	1,121,716	885,234	428,762	348,588	583,099	620,241
Short term loan	992,657	220,458	676,558	-	-	802,212
Current liabilities	1,897,523	1,089,456	1,256,655	493,105	497,897	1,250,451
Current portion of long term loans	140,183	81,367	77,464	77,464	67,141	-
Fixed assets	3,168,486	2,794,871	2,029,940	1,957,647	2,080,122	1,540,975
Current assets	5,183,986	3,790,735	3,784,088	2,720,643	2,597,798	3,039,511

## Performance Ratios

	2019	2018	2017	2016	2015	2014
Sales growth (%)	15.78%	18.09%	3.01%	-9.70%	-8.82%	15.20%
Gross profit (%)	13.84%	10.76%	11.03%	10.31%	8.73%	12.00%
Profit before tax (%)	10.24%	6.72%	5.40%	4.84%	3.22%	5.83%
Profit after tax (%)	8.90%	5.97%	4.03%	3.32%	2.82%	5.06%

	2019	2018	2017	2016	2015	2014
Breakup value per share	1,637.71	1,420.91	1,295.43	1,213.18	1,142.34	1,096.16
Market value of share	800.00	807.49	900.00	680.00	474.00	525.55

Earnings per share	277.47	160.68	91.91	73.45	69.14	136.09
Price earning ratio	2.88	5.03	9.79	9.26	6.86	3.86

#### Leverage

Gearing ratio	0.46	0.28	0.30	0.12	0.19	0.43
Debt to equity (%)	22.83%	20.77%	11.03%	9.58%	17.01%	18.86%
Interest covering ratio	6.75	6.77	5.24	5.60	3.06	4.71

#### Liquidity ratio

Current ratio	2.73	3.48	3.01	5.52	5.22	2.43
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## Questions and Answers Session



Thankyou

20

